

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5059 (as passed by the House)
Sponsor: Representative Michael Bishop
House Committee: Family and Civil Law
Senate Committee: Government Operations

Date Completed: 12-2-99

CONTENT

The bill would amend the Michigan Campaign Finance Act to eliminate the contribution reporting threshold; repeal a section that prescribes separate reporting requirements for contributions from certain events conducted under the Bingo Act; require the Secretary of State to develop an Internet website for disclosure of certain campaign statements; and require that certain campaign statements be filed electronically.

The Act contains various reporting and recording requirements for contributions or loans to candidates that are over \$20. (For instance, a campaign statement must include the name and address of every individual who contributes over \$20, the date received, the amount contributed, the cumulative amount, etc.) Contributions and loans that are \$20 or less are not subject to these reporting requirements. The bill would eliminate the \$20 threshold, meaning that contributions or loans of any amount would be subject to the Act's reporting requirements. The bill would retain a provision that prohibits a person from making or accepting a single contribution of more than \$20 in cash. (Contributions over \$20 must be made by written instrument containing the names of the payor and payee.)

The bill would retain a provision that prohibits acceptance or expenditure of an anonymous contribution, and requires that such contributions be given to charity. Currently, a contribution received as the result of a fund-raising event or casual services or from the sale of political merchandise that is \$20 or less per person per year is not considered an anonymous contribution. Further, a contribution received from membership fees, dues, or subscriptions for political purposes to an independent committee or political party committee of \$20 or less per person per year is not considered an anonymous contribution. The bill would eliminate these provisions.

Section 25a of the Act provides that the reporting requirements of the Act do not apply to cash contributions of \$25 or more at an event conducted under the Bingo Act by a committee licensed under the Bingo Act. Further, Section 25a lists other reporting requirements that do not apply to a contribution made at a charity game conducted under the Bingo Act. The bill would repeal Section 25a.

The bill would require the Secretary of State to develop and implement an electronic disclosure system that permitted committees to file required statements or reports with the Secretary of State electronically by diskette, modem, or Internet; and that provided Internet disclosure of electronically filed statements or reports on a website. By July 1, 2000, the Secretary of State would have to offer each committee required to file with the Secretary of State the option of filing campaign statements electronically.

Beginning with the preelection campaign statement for the August 2000 primary, each candidate committee for the Supreme Court, Court of Appeals, or State House of Representatives that received or spent \$20,000 or more in the preceding election cycle, or expected to receive or spend \$20,000 or more in the current election cycle, would have to file electronically all required statements and reports.

Beginning with the annual campaign statement due January 31, 2002, each candidate committee required to file with the Secretary of State that received or spent \$20,000 or more in the preceding election cycle or that received or spent, or expected to receive or spend \$20,000 or more in the current election cycle, would have to file electronically all required statements and reports. Beginning with the annual campaign statement due

January 31, 2002, each committee, other than a candidate committee, required to file with the Secretary of State that received or spent \$20,000 or more in the preceding calendar year, or expected to receive or spend \$20,000 or more in the current calendar year, would have to file electronically all required statements and reports.

If a committee were not required to file a campaign statement only because it did not receive or spend \$20,000 or more, but the committee later reached that threshold, the committee would have to notify the Secretary of State within 10 business days after reaching the threshold and subsequently file electronically all required statements and reports.

The Secretary of State could permit a committee to file electronically statements and reports, except an original statement of organization, after the committee treasurer and, for a candidate committee, the candidate had signed and filed a form designed by the Secretary of State to serve as the signature verifying the accuracy and completeness of each statement or report filed electronically.

MCL 169.205 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

The provisions of this bill would substantially widen the pool of contributions that must be reported to the Secretary of State. The bill also would require the Department of State to develop and implement an electronic filing system for the disclosure of contributions. According to the Department of State, the creation, implementation, and maintenance of electronic disclosure would cost approximately \$990,000. The Department anticipates that \$750,000 would need to be allocated for system development, maintenance, support, programming, and a back-up system. For the 2000 election cycle, the Department anticipates that start-up costs would be approximately \$240,000 to cover costs of compiling information for next year's elections. According to the Department, it will request annual appropriations for ongoing costs beginning in FY 2000-01.

Fiscal Analyst: E. Limbs

S9900\5059sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.